

NEWS RELEASE



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San Diego, California***

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For Immediate Release

**Los Angeles Businessman Sentenced to 27 Months for
Fraudulently Importing \$30 million of Chinese-Made Textiles**

NEWS RELEASE SUMMARY – October 21, 2013

San Diego, CA – United States Attorney Laura E. Duffy announced today that Los Angeles-based businessman Sunil Jiwat Mirwani was sentenced to 27 months in prison for evading customs duties on more than \$30 million in Chinese-made wearing apparel. The sentence, handed down by U.S. District Judge Michael M. Anello, also required Mirwani to forfeit his interest in over \$30,000 in cash, the contents of a Hong Kong-based bank account—plus an inventory of more than 220,000 pairs of blue jeans valued at more than \$1 million. In addition, Judge Anello sentenced Mirwani’s corporation, M Trade, Inc., to

five years of probation.

According to the evidence presented at a trial in June 2012, Mirwani hired a group of San Diego-based businessmen and logistics professionals to initiate shipments of Chinese-made merchandise from ports in China to the Port of Long Beach, California. When the goods arrived at Long Beach, Mirwani and his conspirators would ensure that the merchandise was classified as “in bond”—a special customs classification meaning that they had to be shipped directly to Mexico. However, rather than complete the shipment to Mexico as promised, Mirwani and his conspirators forged documents and falsified database entries, allowing them to send the merchandise to warehouses in the Los Angeles-area. Mirwani would then sell his jeans, shorts and skirts throughout the United States—effectively tax-free. In this way, Mirwani could sell more jeans at cheaper prices than his law-abiding competitors—including domestic American manufacturers of similar goods who, unlike Mirwani, could not rely on cheap Chinese labor to keep costs low.

Mirwani profited handsomely from the scheme, laundering his ill-gotten gains through a complex web of international wire transfers. According to evidence introduced at trial, Mirwani transmitted nearly \$10 million from M Trade, Inc.’s bank account to the account of Mirvana International, a Hong Kong-based company that Mirwani shares with his Hong Kong-based twin brother. In addition, Mirwani transmitted similar sums to the Mirvana International account through a series of intermediary accounts in the United States and Mexico—and even sent money from M Trade Inc.’s account directly to

accounts in mainland China. These international wire transfers served to hide Mirwani's ill-gotten gains as well as to help fund future fraudulent shipments.

Mirwani's sentencing was the culmination of a years-long effort by prosecutors and special agents. Following a lengthy wiretap investigation, a federal grand jury indicted Mirwani and M Trade, Inc. in June 2012. One year later, in June 2013, Mirwani and M Trade, Inc. were convicted after a one-week jury trial. Yet Mirwani and M Trade, Inc. were just two of 11 defendants charged in July 2012 as part of a larger conspiracy to fraudulently import foreign-made textiles, cigarettes, snack foods, and *Salmonella*-infected produce. In the past year, several other defendants have pled guilty and been sentenced for their role in the scheme, including Gerardo Chavez, the former President of the San Diego Customs Brokers Association, who is currently serving a 37-month prison sentence. Two defendants—Joel Erasmo Varela Gonzalez and Jose Porter—are fugitives and remain at large.

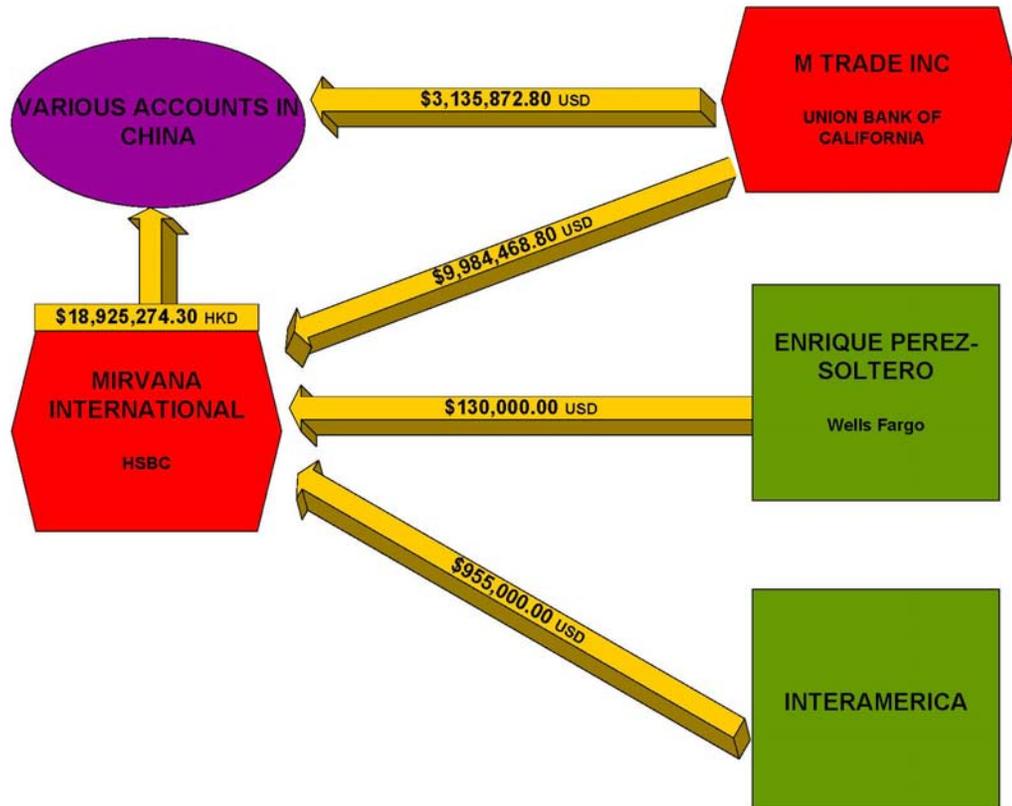
U.S. Attorney Duffy commended the efforts of special agents and prosecutors: "Thanks to special agents from the Department of Homeland Security and the IRS, working in conjunction with customs officers, a far-reaching commercial fraud conspiracy has been completely dismantled. This prosecution underscores our commitment to protecting the economic health of the United States and ensuring that no one exploits American and international markets for their personal gain."

"Today's sentencing serves as a reminder to those who attempt to exploit our

commercial trade corridor in San Diego,” said Derek Benner, Special Agent in Charge for ICE’s Homeland Security Investigations in San Diego. “HSI is committed to using our expertise to investigate suspected customs fraud and dishonest business practices in the international trade arena. We will seek the highest penalty possible for those who game the system for their own illicit gain.”



Trial Exhibit 53 – Fraudulently Imported Blue Jeans



Trial Exhibit 52 – Summary of Mirwani’s Wire Transfers

DEFENDANTS

Case Number: 12CR3137-MMA

Sunil Jiwat Mirwani

M Trade, Inc.
Los Angeles, CA

SUMMARY OF CHARGES AND MAXIMUM PENALTIES

Count 1: Conspiracy to Defraud the United States – 18 U.S.C. § 371. Maximum penalties: 5 years in prison, 3 years of supervised release, \$250,000 fine and a \$100 special assessment

Counts 2 and 4: Entry of Goods by Means of False Statements – 18 U.S.C. § 542. Maximum penalties: 2 years in prison, 1 year of supervised release, \$250,000 fine and a \$100 special assessment

Count 57: Conspiracy to Launder Monetary Instruments – 18 U.S.C. § 1956(a)(2)(A) and (h). Maximum penalties: 20 years in prison, 3 years of supervised release, \$500,000 fine (or a fine worth twice the amount of the laundered money) and a \$100 special assessment.

INVESTIGATING AGENCIES

Immigration and Customs Enforcement – Homeland Security Investigations

Internal Revenue Service – Criminal Investigations

United States Food and Drug Administration